

U.S. House and Senate Notification
Friday, August 27, 2010

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Subject: Rural Community Hospital Demonstration Expanded

The Centers for Medicare & Medicaid Services (CMS) today announced the expansion of its Rural Community Hospital demonstration program. Up to 20 small rural hospitals in selected States will be able to be paid enhanced reimbursement for inpatient services, in addition to the ten hospitals already participating in the program.

The expansion, which was authorized by section 10313 of the Affordable Care Act, will also extend the duration of the demonstration program for an additional five years. The Rural Community Hospital demonstration program provides cost-based reimbursement to participating eligible hospitals to furnish covered inpatient hospital services to Medicare beneficiaries. The goal of the demonstration program is to test the feasibility and advisability of providing cost-based reimbursement to eligible rural hospitals that are too large to qualify as Critical Access Hospitals but are critical to meeting the needs of their service areas.

To be eligible for the program during the five-year extension period, rural community hospitals must be located among the 20 States with the lowest population density in order to participate in the demonstration. These States are: Alaska, Arizona, Arkansas, Colorado, Idaho, Iowa, Kansas, Maine, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, and Wyoming.

In addition, participants must be a hospital that –

- Is located in a rural area;
- Has fewer than 51 beds;
- Provides 24-hour emergency care services; and
- Is not designated or eligible for designation as a Critical Access Hospital under section 1820 of the Social Security Act.

Eligible hospitals that desire to participate in the demonstration must submit an application to CMS. Information about the demonstration and details on how to apply can be found on the CMS web site:

http://www.cms.gov/DemoProjectsEvalRpts/downloads/2004_Rural_Community_Hospital_Demonstration_Program.pdf

If you have questions about this notification, please contact the CMS Office of Legislation at (202) 690-8220. Thank you.